



Report of the Red Tape Reduction Task Force
to
The Minister of the Department of Business

February 2007

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Foreword

As indicated in *Our Blueprint For The Future*, the Williams government expressed its determination to create a business friendly environment. This commitment was made in recognition that small and medium-sized enterprises (SMEs) are big business to the economy of Newfoundland and Labrador.

There are more than 16,000 registered businesses with less than 50 employees. These are known as small businesses. This equates to 96% of all businesses operating in the province. Further, there are an additional 3.7% that are considered to be medium-sized businesses employing between 50 and 499 people. In Newfoundland and Labrador, 99.7% of all businesses are considered to be small and medium-sized enterprises and these enterprises create thousands of jobs in the province. Having to satisfy regulations and policies, complete forms, and follow processes can be costly for business, resulting in limited opportunities and economic growth. An effort to nurture SMEs and minimize hurdles by eliminating unnecessary regulatory requirements makes good economic sense for everyone in the province.

As citizens of the province, regulatory requirements also affect people in their daily lives. Examples of regulatory items include:

- 344,000 drivers are licensed,
- minimum wage, statutory holidays and vacation pay requirements are established for all citizens,
- 1,903 tap water samples and 593 source water samples were analyzed in 2005, and
- each year
 - 485,000 vehicles are registered,
 - 44,000 birth and death certificates are obtained,
 - 3000 marriage licenses are issued,
 - 42,000 documents are filed in commercial registrations,
 - 2,200 companies are incorporated,
 - 400 partnerships are registered,
 - almost 64,000 documents are filed in the deeds registry,
 - 78,000 personal property registrations are completed, and
 - 11,348 students apply for financial assistance.

These are only some of the ways in which the regulatory environment touches the lives of all citizens in the province.

The key commitments of the Williams government are to:

- ❑ Implement strong and effective policies to promote small and medium size business growth and development.
- ❑ Create a regulatory regime that is efficient, flexible and transparent while maintaining high regulatory standards.

(Source: *Our Blueprint for the Future*)

These commitments were made in response to frustrations expressed by the business community and citizens with the demands and expectations of regulators. These are perceived to be often unreasonable, unwieldy, uncoordinated and unnecessary, thereby slowing progress for business and wasting taxpayers' time and money.

The Red Tape Reduction Task Force was established to examine the regulatory situation and to determine ways and means to respond to the challenges identified during the consultation process. This is the final report of the activities, findings and recommendations of the consultations of the Red Tape Reduction Task Force. It is intended to support the efforts of the Williams government to realize its commitments to the business community and to the citizens of Newfoundland and Labrador.

Executive Summary

As indicated in *Our Blueprint For The Future*, the Williams government expressed its determination to create a business friendly environment. This commitment was made in recognition that small and medium-sized enterprises (SMEs) are big business to the economy of Newfoundland and Labrador. To support this commitment, the Red Tape Reduction Task Force was established to respond to the concerns expressed by SMEs about the regulatory requirements imposed by government. The focus of the Task Force was later expanded to include all regulatory items that impact citizens.

Government plays an important and necessary role as a regulator in our society. It has a responsibility to protect the public interest. Food and water must be safe for human consumption. Houses and buildings must be built to an acceptable standard. Our environment must be protected for current and future generations. As well, the regulatory environment plays a key role in competitiveness and economic prosperity. It is recognized that the regulatory environment must evolve to enhance efficiency for the residents and businesses of this province.

There are more than 515,000 citizens in the province for whom government provides programs and services. Many of these individuals interact with government regularly in their daily lives. Furthermore, there are over 17,000 registered businesses in Newfoundland and Labrador. Government has an obligation to provide effective and efficient services to all Newfoundlanders and Labradorians whether they are businesses, volunteer organizations, professional groups or the general public.

The mandate of the Red Tape Reduction Task Force included the following activities:

- ❑ Examine regulations, government paperwork, and irrelevant and cumbersome administrative and unnecessary regulatory burdens and identify regulatory “red tape” barriers to private sector job creation and business growth, especially for small and medium-sized businesses.
- ❑ Implement a consultation process with external and internal stakeholders.
- ❑ Make recommendations on strategic opportunities to reduce, streamline or eliminate regulatory red tape barriers immediately and over the long term in order to strengthen the competitiveness and productivity of the economy.
- ❑ Make recommendations for monitoring, evaluating and reporting procedures to be used in the long term.
- ❑ Ensure recommendations maintain a level playing field for businesses, and do not compromise important public policy objectives, such as the environment, health and safety, public and consumer protection. (This was later expanded to include all citizens and stakeholders.)
- ❑ Provide a report with recommendations upon completion of these activities.

Following a review of activities to eliminate red tape in other jurisdictions, the model used in British Columbia was adopted, with adaptations to the situation in this province. The model contains the following four components:

- 1) Demonstrated political leadership and commitment;
- 2) Baseline counting of regulatory requirements;
- 3) Targeted reduction objectives; and
- 4) Regular public reporting of reductions.

It is noted that the Task Force findings are based on the information that it received. It is not possible to extrapolate this information or conclude it is representative of the general state. Rather the Task Force will use these examples to raise questions for consideration.

Through the consultation process, it was revealed that businesses feel they are over regulated. This is burdensome and costly for business operations. The Task Force heard similar concerns

from individuals about the frustrations with, and complexity of, dealing with government. Public Service employees who made representations indicated they want to be helpful. However, some employees also expressed frustration that they have limited authority in their jobs. Further, comments were heard concerning a lack and/or shortage of tools to do their jobs. These employees feel they have not been empowered to do their jobs and in turn to help clients.

The members of the Red Tape Reduction Task Force have assessed the submissions received. Through a review of all the information compiled, they noticed that there were recurring issues that were clearly evident. Comments were grouped and assessed, and common themes emerged as follows:

1. There are cultural differences between those who rely on government, namely business, and “the system”. The two sometimes seem to be operating at cross-purposes. The cultural divide must be bridged to benefit economic development in the province.
2. Business and citizens accept that government is the regulator. However, business and citizens need to have the support of the system to expedite their processes. A facilitated approach is needed to help business and citizens navigate the system.
3. The system must view business and citizens as clients. Departments must make their organizational structure and processes accessible and transparent.

The Task Force concludes and recommends the following:

1. A cultural difference exists between business and government that must be addressed. The Task Force recommends that the leaders in both sectors work together to find common ground.
2. While government is in the role of regulator, the Task Force recommends that it also assume the role of facilitator and expeditor to assist clients navigate the complex bureaucracy of government.

3. Business and citizens must be viewed as clients of government. The Task Force recommends that the system of government adopt a client focus in its interactions with business and citizens.
4. The Task Force recommends that departments delivering human services review their processes and procedures with organizations representing clients to encourage continuous improvements.
5. The Task Force recommends that the Minister of Business have the responsibility to oversee the implementation of its report.

Definitions

For the purposes of the Red Tape Reduction Task Force Report:

Cutting through red tape is a term used today in a figurative sense to describe efforts to expedite decision-making by large bureaucracies, such as government.

Note: *The term red tape has its roots in England. Legal documents were bound together with red cloth tape. To access the documents, cutting through red tape was required.*

Red Tape (*definition adopted by the Red Tape Reduction Initiative*) refers to:

- 1) Non-essential procedures, forms, licences and regulations that add to the cost of dealing with government, or
- 2) Anything obsolete, redundant, wasteful or confusing that diminishes the province's economic competitiveness, and stands in the way of job creation or wastes taxpayers' time and money.

Red Tape barriers can involve legislation, regulation, fees, permits, licenses, paperwork, standards, processing time, guidelines, filing and certification requirements, reporting, investigation, inspection and enforcement practices, and any procedures that affect the efficiency of government services for the clients served. These clients include individuals, organizations and businesses.

Regulatory requirement means a compulsion, obligation, demand or prohibition placed on an individual, entity or activity. Regulatory requirements can be **internal**, that is, anything that is required of a government employee to complete an application, approval or process, or **external**, being anything required of the client.

Small Sized Enterprises are businesses that have less than 50 employees.

Medium Sized Enterprises are businesses that have more than 50 and less than 500 employees.

SME is an acronym used to refer to the small and medium-sized enterprise group, in which individual enterprises employ less than 500 people.

System refers to the entirety of government departments, agencies, boards and commissions that can impose regulatory requirements upon individual citizens and businesses.

1.0 The Red Tape Reduction Task Force

1.1 Overview

The Williams government is determined to demonstrate leadership in regulatory reform. Underlying this determination is a desire to eliminate many of the obstacles faced by businesses and residents in our province, and to increase the global competitiveness and attractiveness of Newfoundland and Labrador as a place to do business, live, work and visit.

Government plays an important and necessary role as a regulator in our society. It has a responsibility to protect the public interest. For example, we must be assured that food and water are safe for human consumption, houses and buildings are built to an acceptable standard, and that our environment is protected for current and future generations. As well, the regulatory environment plays a key role in competitiveness and economic prosperity.

There are more than 515,000 citizens in the province for whom government provides programs and services. Many of these individuals interact with government regularly in their daily lives for such things as driver's and vehicle licenses, birth and death certificates, electrical inspections for homes, and Crown Land applications, to name just a few. There are also rules and regulations that govern how we live our lives, such as how old you have to be to operate particular motorized vehicles; the acceptable distance for septic systems to be placed from water supplies; and all types of things that we do not even realize until we stop to think about it.

Furthermore, there are over 17,000 registered businesses in Newfoundland and Labrador. It is imperative that government provide the most efficient service to everybody whether they are businesses, volunteer organizations, professional groups or the general public.

Individuals, organizations and businesses are frequently expected to deal with several departments and agencies to secure approvals, permits and licences. Except in certain instances, there is no mechanism for a regular review of the relevance or effectiveness of regulatory requirements. This government recognizes that there are dated regulations, and that the need for and cost of every regulatory change must be considered.

The current situation must change to enhance efficiency for the residents and businesses of this province, which benefits the economy as a whole. It is a commitment of the Williams government to create an environment which includes a public service that supports our business community and our citizens. This was the motivation for the establishment of the Red Tape Reduction Task Force, which was announced by Premier Williams in February 2005.

The mandate of the Red Tape Reduction Task Force included the following activities:

- Examine regulations, government paperwork, irrelevant and cumbersome administrative and unnecessary regulatory burdens and identify regulatory “red tape” barriers to private sector job creation and business growth, especially for small and medium-sized businesses.
- Implement a consultation process with external and internal stakeholders.
- Make recommendations on strategic opportunities to reduce, streamline or eliminate regulatory red tape barriers immediately, and over the long term, in order to strengthen the competitiveness and productivity of the economy.
- Make recommendations for monitoring, evaluating and reporting procedures to be used in the long term.
- Ensure recommendations maintain a level playing field for businesses, and do not compromise important public policy objectives, such as the environment, health and safety, and public and consumer protection.
- Provide a report with recommendations upon completion of these activities.

The Red Tape Reduction Task Force was to consider activities of all government departments.

Members of the Task Force are:

- **Paul Oram**, MHA for Terra Nova, is co-owner and operator of personal care homes, funeral homes, a travel and tourism company, and a construction company. He is the former Deputy Mayor of Glovertown and is a former member of the Health and Community Services Board in Central. He has been an active member of the business community in the central region of the province and currently serves on the Business Advisory Board. Mr. Oram was appointed as Chair of the Task Force in February 2005. *(MHA Oram is currently Parliamentary Assistant to the Premier)*
- **Cathy Bennett** is the Owner/Operator of nine St. John's area McDonald Restaurants. In addition to her position as Senior Vice President with the St. John's Board of Trade, Cathy's professional affiliations include Co-Chair, McDonald's Technology Leadership Board; Member of McDonald's National Business Forum; Director, Janeway Hospital Foundation, and Director with Newfoundland and Labrador Foodservice and Restaurant Association. In addition, she recently tenured positions including Member of the McDonald's National Marketing Forum; Director and Member, St. John's Clean and Beautiful. *(Ms. Bennett is currently the President of the St. John's Board of Trade)*
- **Margaret Burden**, is the owner/operator of the Alexis Hotel and P & B Supermarket in Port Hope Simpson, Labrador. She is an active volunteer with many community and recreational organizations. She has served as Mayor of Port Hope Simpson, was a member of the Newfoundland and Labrador Round Table on the Environment and the Economy, and has served on numerous education and economic committees.
- **Donald DiCesare**, P.Eng., is a professional engineer with extensive involvement in the business community. He was chair of the Corner Brook Business Industry and Tourism Board and Director of the Consulting Engineers of Newfoundland and Labrador. He served two terms as President of the Rotary Club and the Corner Brook Chamber of

Commerce; eight years as Chair of the Western Regional Planning Appeals Board, and is a former member of the Corner Brook Tourism Commission and the Corner Brook Economic Development Corporation.

- **Margie Hancock** is Vice-President of the Newfoundland and Labrador Federation of Labour. She has worked to achieve progressive legislative changes to the Workplace, Health, Safety and Compensation Act and the Labour Standards Act. Ms. Hancock serves as a steering committee member representing the labour caucus with the Strategic Partnership Initiative and is a member of the Safety Net Advisory Council.
- **Shawn Skinner**, MHA for St. John's Centre, was appointed as Parliamentary Assistant to the Premier on July 5, 2006. He has owned and operated a private, post-secondary training college since 1993. He has been an active volunteer with many groups such as the St. John's Boys and Girls Club, the Benevolent Irish Society, and the Canadian Red Cross. He was also a member of St. John's City Council prior to being elected to the House of Assembly. *(MHA Skinner is currently the Minister of Human Resources, Labour and Employment and the Minister responsible for Newfoundland and Labrador Housing)*
- **Wallace Young**, MHA for St. Barbe, is co-owner of the Plum Point Motel, a family-owned business. His background in the business community includes Past President of the Straits-St. Barbe Chamber of Commerce, Past Director of the Viking Trail Tourism Association and the Red Ochre Regional Board. He was also a member of the Government Services Committee, and the former opposition critic for the Department of Government Services and Lands.

The Red Tape Reduction Task Force reports to the Minister of Business. It should be noted that the members of the Red Tape Reduction Task Force are submitting the findings and recommendations of this report based upon the submissions they received during their consultations.

2.0 Starting Points

2.1 Understanding the Context of the Business Environment

The Williams government is very interested in ensuring that established businesses which want to expand and grow their enterprises have the opportunities to do so in Newfoundland and Labrador. Fledgling entrepreneurs and established enterprises need an appropriate climate in which to begin and continue business development. Business formation, growth and expansion are potential sources of new wealth in our economy. This activity benefits all residents, whether directly, as in the creation of employment opportunities or indirectly, such as through taxation.

The private sector employs a greater number of people than the public sector. The public sector has been relatively stable in the number of employees from 2000-2005. During this same period, the private sector has experienced growth and increased employment in Newfoundland and Labrador. This growth pattern needs to be nurtured to encourage further growth and development.

Table 1 – Public/Private Sector by Number of Employees

Based on person years

Total Employees	2000	2001	2002	2003	2004	2005
Public Sector	57.3	59.0	59.5	59.8	57.2	56.4
Private Sector	115.1	122.4	123.0	126.6	131.0	130.7
Total	172.4	181.4	182.5	186.4	188.3	187.1

Source: Statistics Canada, Labour Force Survey

When one examines the situation, it is evident that small and medium-sized enterprises have contributed to the growth in employment opportunities for Newfoundlanders and Labradorians. Small and medium-sized enterprises, which employ less than 500 people, account for 99.7% of employment in the business sector in Newfoundland and Labrador. As demonstrated by Table 2, Newfoundland and Labrador is similar statistically to the Canadian statistics for SMEs.

Approximately 88% of all businesses in Newfoundland and Labrador employ less than 20 people and 60% of businesses employ one to four people. Thus, the provincial economy can indeed benefit if SMEs are able to continue to flourish. The work of the Red Tape Reduction Task Force is a means to contribute to this growth.

**Table 2 – Percentage of Businesses by Employment Size Range
Newfoundland and Labrador & Canada
2002-2005**

Employment Size Range	2002		2003		2004		2005	
	NL	CAN	NL	CAN	NL	CAN	NL	CAN
1 to 4	61.2	58.0	59.8	56.9	60.8	57.5	60.0	56.5
5 to 19	27.7	28.4	28.9	29.4	28.0	28.8	28.5	29.2
20-49	6.9	8.2	7.0	8.4	6.9	8.4	7.3	8.8
50-99	2.2	3.0	2.3	3.0	2.3	2.9	2.3	3.1
100-499	1.6	2.0	1.7	2.0	1.7	2.1	1.6	2.1
500+	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	99.9%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Statistics Canada, Business Register, June 2002, 2003, 2004, & 2005

Variations may occur due to rounding.

2.0 Starting Points

2.2 Relevance of the Business Environment to the Work of the Red Tape Reduction Task Force

The presence of SMEs is a very good indicator of the potential for growth and development of the economy overall. However, SMEs are sensitive to many forces such as regulatory requirements and compliance. It is important that government creates a culture within the public service that enables and supports sustained development and growth of SMEs.

Our relatively small population base limits the size of the market in Newfoundland and Labrador. There are challenges presented by being on an island and/or situated in the remote areas of our province. Being removed from major markets adds another dimension to the challenges faced by businesses. To be innovative and competitive, these businesses need the support of government to provide an environment that can nurture innovation, facilitate growth and realize applicable export opportunities.

There are many regulatory hurdles facing SMEs and larger businesses. The Canadian Federation of Independent Business (CFIB) has documented the hurdles. In a report released in 2005 entitled *“Rated ‘R’ Prosperity Restricted by Red Tape”*, the CFIB noted that smaller businesses must follow the same rules as their larger competitors. For SMEs, the regulatory requirements enforced by government impose an inequitable demand on the limited resources of businesses. There are fewer employees as compared with large enterprises with a sizable complement of human resources where the demands can be spread over more people.

Through a national survey of its members, the CFIB demonstrated that businesses with less than four (4) employees pay a disproportionate burden of the cost of compliance with regulations, \$5,317 per annum. This is compared with \$2,844 annually for

companies with five to nineteen (5-19) employees or \$1,104 annually for those with more than 100 employees.

Smaller enterprises cannot afford to hire a person to satisfy the requirements of compliance whereas larger firms can more easily absorb these efforts into their existing operations as part of doing business. Unfortunately, compliance requirements undermine the competitive advantage of smaller firms. It means that a greater burden must be borne by the owner on both personal and financial levels. This limitation restricts the availability of precious personal time to relax and re-energize for new challenges.

The findings of the CFIB report and presentations by the St. John's based CFIB office have proven to be very helpful to the Red Tape Reduction Task Force. The CFIB report includes observations about the differences evident in the way private enterprises conduct their business as compared with the public service. In the view of the CFIB, this results in a "clash of cultures".

The Red Tape Reduction Task Force recognizes that the short-term goals of public and private organizations differ. However, it is in everyone's long-term economic interest to support business growth as it contributes to job creation and the generation of wealth that benefits everyone in the province. It is the view of the Red Tape Reduction Task Force that there must be efforts taken to forge closer and stronger connections between the two sectors as they are interdependent and important for our well-being as a province.

2.0 Starting Points

2.3 Global forces have a local impact

The Red Tape Reduction Task Force is part of a wider consideration of the impact of regulation and government on economies around the world. For example, in the context of the global economy, many governments are questioning how their regulatory regimes impact their trading partners. Canada, as part of the North American Free Trade Agreement, must consider how using regulation impacts business with the United States and Mexico. The European states have to consider interface with their fellow member states. As this is a worldwide phenomenon, it is an issue the Government of Newfoundland and Labrador cannot ignore and leads to these questions:

- What is good regulation?
- When is regulation necessary?
- When can regulation cause problems?

There has been recognition in many countries of the need for a review of regulation and its impacts on business, the economy and societal well-being. Over-regulation or regulation gone awry has been a concern for businesses for some time. Hence, it is a concern of most, if not all, governments worldwide.

This has spurred provincial and territorial governments to action, including the Government of Newfoundland and Labrador. Many of the businesses based in this province export goods and services all over the world. It is important that the concerns of business operating in the global marketplace are also viewed as the concerns of government and the public service.

3.0 The Work Plan of the Red Tape Reduction Task Force

3.1 Setting the Groundwork

Immediately after being appointed, the members of the Red Tape Reduction Task Force commenced work under the leadership of the Chair, MHA Paul Oram. The first priority of the Task Force was to establish the parameters and processes necessary to reduce the red tape of government. The Task Force sought guidance of those jurisdictions that had embarked upon a similar task. A scan of the work in regulatory reform included the activities of :

- Canada
- Finland
- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Nova Scotia
- Northwest Territories
- PEI
- Ontario
- Quebec
- Saskatchewan

The model developed by British Columbia (BC) seemed especially compatible with this province's commitment to regulatory reform. The Red Tape Reduction Task Force conducted very beneficial meetings with officials from British Columbia to review and discuss the BC model in detail.¹ To complement these discussions, meetings were conducted with the local representative of the CFIB, who praised the BC model and endorsed its following four components:

- 1) Demonstrated political leadership and commitment;
- 2) Baseline counting of regulatory requirements;
- 3) Targeted reduction objectives; and
- 4) Regular public reporting of reductions.

¹ For more detailed information regarding the BC Model, see www.deregulation.gov.bc.ca/BC%20Regulatory%20Reform%Initiative.htm

The Red Tape Reduction Task Force also recognized the value of these components in the BC model and recommended that it be adopted, with some adjustments, by the Government of Newfoundland and Labrador.

Overview of the British Columbian Model

In British Columbia, the provincial government is leading the implementation of the initiative with a Regulatory Reform Office. This office was responsible for formulating a strategy for government, achieving the targets set and “advancing the regulatory cultural shift in government from traditional to results-based regulations.”²

The starting point in BC was to determine what was to be included in the regulatory reform initiative. There was an effort to quantify existing regulations through a comprehensive count of all regulatory requirements flowing from regulations, legislation and interpretive policies. This resulted in 382,139 requirements being identified as the baseline against which the goal of a one-third reduction in regulation could be measured. These requirements were then assessed to determine where changes could be made without jeopardizing health, safety and the environment. Submissions from interested stakeholders were invited and received to identify priority areas for the deregulation effort.

Departments were asked to prepare three-year deregulation plans to move toward the one-third reduction target. Setting a target and developing plans to meet the target were viewed as important to ensure success of the initiative. There was a real concern that the effort must be sustained as new regulation over time could undo the work that had been accomplished. To guard against this, any new regulation proposed would be subjected to criteria to ensure that it was required. Ten criteria were developed and applied against all proposed regulation.

² British Columbia Regulatory Reform Framework
www.deregulation.gov.bc.ca/BC%20Regulatory%20Reform%20Initiative.htm

British Columbia Regulatory Reform Policy

Ten criteria for assessment of proposed regulation

1. Reverse onus: Need for regulation is justified.
2. Regulatory design: Regulation is results-based.
3. Transparency: Transparent development of regulatory requirements.
4. Cost-benefit analysis: Completed for requirements.
5. Competitive analysis: Completed for requirements.
6. Harmonized: Requirements are harmonized with their jurisdictions avoiding duplication.
7. Timeliness: Response time is considered.
8. Plain language: Plain language is used.
9. Sunset review and expiry provisions: Evaluation of regulation has been considered.
10. Replacement principle: Additional regulatory requirements have been avoided.

Source: Deregulation Initiative Report, Hon. John Les, Minister of Small Business and Economic Development
www.gov.bc.ca/deregulation. October 2004

An important feature of the BC Model is the requirement for regular progress reports, both to Cabinet and to the public. Progress reports intended for the public are posted to the government's website. Currently, BC has exceeded the original one-third reduction target. The BC government announced on September 30th, 2006, that it had achieved 41.15% reduction in regulatory requirements since it approved its Regulatory Reform Framework in June 2001.

For a quick view of the differences of the application of the model in both jurisdictions, please see the chart below: Comparison between red tape reduction models of Newfoundland and Labrador and British Columbia

Description	Newfoundland and Labrador Model	British Columbia Model
Objectives	<ul style="list-style-type: none"> 25% cut in regulatory burden 	<ul style="list-style-type: none"> 33% cut in regulatory burden
	<ul style="list-style-type: none"> 0% increase in new regulations subsequent to 3 year initiative 	<ul style="list-style-type: none"> 0% increase in new regulations subsequent to 3 year initiative
	<ul style="list-style-type: none"> Shift to results-based regulation using specific criteria before new regulations can be introduced 	<ul style="list-style-type: none"> Shift to results-based regulation using specific criteria before new regulations can be introduced
Time frame	<ul style="list-style-type: none"> 3 years 	<ul style="list-style-type: none"> 3 years
Responsibility	<ul style="list-style-type: none"> Minister of Business 	<ul style="list-style-type: none"> Minister of Small Business and Economic Development
Office Structure	<ul style="list-style-type: none"> Red Tape Reduction Office within Department of Business Staff of 5 	<ul style="list-style-type: none"> Deregulation Office under direction of Minister of State for Deregulation Staff of 5
Scope of Mandate	<ul style="list-style-type: none"> Applies to all departments and their agencies, boards and commissions (ABCs)³ 	<ul style="list-style-type: none"> Applies to all departments and their agencies, boards and commissions (ABCs) at legislative level but not operational activities
Task Force	<ul style="list-style-type: none"> Chaired by MHA; 6 other members (2 MHAs; 3 private sector reps and 1 labour rep) Seek input from private sector Recommend industry priorities 	<ul style="list-style-type: none"> Chaired by Minister of State; 12 members representing industry and sector associations Seek input from private sector Recommend industry priorities
Deadlines:		
Measurement of regulatory requirements	<ul style="list-style-type: none"> Count of the number of regulatory requirements in statutes, regulations, policies, and forms with focus on external client 	<ul style="list-style-type: none"> Count of the number of regulatory requirements in statutes, regulations and administrative policies
Count completion	<ul style="list-style-type: none"> 45 days 	<ul style="list-style-type: none"> 45 days
Interim plan	<ul style="list-style-type: none"> 30 days from count deadline 	<ul style="list-style-type: none"> 30 days from start of the count
Three year plan	<ul style="list-style-type: none"> 76 days from count deadline originally; revised to 130 days from count deadline (due to the expanded mandate of the Task Force) 	<ul style="list-style-type: none"> 60 days from count deadline

Source: Division of Red Tape Reduction, Department of Business

³ While the mandate of the Red Tape Reduction Task Force did not include ABCs, the Model will be applied to them.

Variances between the two models arise from the differing circumstances and bureaucracies of each province. Organizational differences influenced the parameters of the model in both jurisdictions.

When a department proposes new regulation in Newfoundland and Labrador, as in British Columbia, the proposal must be subjected to a Regulatory Impact Analysis. The criteria for the assessment of proposed regulation(s) are identical to the criteria used in British Columbia. As well, in this province, processes are in place to prevent the growth of regulatory requirements. Until the 25% reduction target is achieved in Newfoundland and Labrador, if one regulatory requirement is created, two are removed. Once the target is achieved, if one is created, one is removed. This ensures, for the long term, the maintenance of reductions in red tape.

This effort in British Columbia has been continued and supported. The goal is to encourage a change within the system so that the introduction of new regulatory requirements occurs only after exploring other potential response mechanisms.

The Activities of the Task Force

The Task Force was initially charged with reviewing the impact of government regulations and processes on business. After the Red Tape Reduction Task Force became engaged with their assignment, it became apparent that there was a need to expand the scope of their efforts.

The mandate of the Red Tape Reduction Task Force was extended to consider all government departments and their interactions with the public. This meant that reducing red tape would not just positively impact businesses, but it would impact every individual, group, or organization availing of government services.

Participation by the public in consultation activities of the Task Force was encouraged through a variety of methods:

- ❑ A link to 'Red Tape' on the Government of Newfoundland and Labrador web-page;
- ❑ Red Tape website where individuals, associations and businesses could complete a questionnaire;
- ❑ A news release announcing the consultation and methods for participation;
- ❑ A brochure outlining the purpose was distributed at speaking engagements and included in mail-outs;
- ❑ Media contact by the Chair and members to speak about the mandate and work of the Red Tape Reduction Task Force; and
- ❑ Presentations by the Chair to Rotary Clubs, Chambers of Commerce and local business meetings across the province to advise of the work of the Red Tape Reduction Task Force.

Comments and feedback relating to red tape reduction were received from the following sources:

- ❑ meetings with stakeholder organizations and citizens,
- ❑ written submissions from businesses, organizations and citizens,
- ❑ an interactive survey posted on the government web-site, and
- ❑ an e-mail account.

The Red Tape Reduction Task Force held over 40 meetings, met with 120 stakeholder groups, organizations and businesses with over 200 people participating. It received 17 written submissions, 12 e-mails, and 17 on-line surveys. Participation in the Red Tape Reduction Task Force public consultation process crossed a variety of regions and industries, both urban and rural. 27 organizations made representations (See Appendix A).

3.0 The Work Plan of the Red Tape Reduction Task Force

3.2 Successes to Date

Inventory Count Established

Work commenced with a process that mirrored the BC model, with adaptations. The Department of Business established the position of Director, Red Tape Reduction with responsibilities including assistance to departments and agencies in counting the number of regulatory requirements. As the work proceeded within government, officials sought assistance from the Department of Business. The regulatory requirement inventory count has been completed.

The count revealed that there were 312,517 regulatory requirements in existence in this province. The Williams government set a 25% reduction target. While this target is important, the Red Tape Reduction Task Force believes that this is one piece of a larger puzzle. Not only must measurable targets be set, it is equally important that the regulatory requirements used are absolutely essential. This will require encouragement and support for public officials to create new and untested ways to achieve protection of the public interest that does not necessarily include new regulatory requirements. This demands a shift in thinking and approach to the operations of the public service, one that serves to facilitate the work of business and citizens, and advance the public interest at the same time.

Departmental Plans in Place

Departments and agencies were required to submit three-year plans to meet the objective of eliminating regulatory requirements. These departmental plans are complete, representing a significant amount of work by the government entities included in the initiative.

The Ministers of the various departments and agencies are ultimately responsible to Cabinet and their colleagues to play their role in reducing the regulatory requirements.

Regular reporting is required to ensure they are accountable for progress. Thus, there is accountability to ensure their department or agency has complied with the target.

Phase One Complete

The members of the Red Tape Reduction Task Force have been kept apprised of the progress of the process within government. There has been regular reporting from departments.

According to a news release in October 2006, the inventory count had been reduced by 16,910 or 5.41% of the identified regulatory requirements, as of June 30 2006. This reduction in phase one, combined with the establishment of the inventory count and departmental plans, represents a solid foundation in moving toward the 25% target.

It is recognized that the first cuts were easier to identify and to implement. The challenge will be to deal with the remaining regulatory requirements, which may prove more difficult to identify and/or to eliminate. The responsibility of the Red Tape Reduction Division of the Department of Business is to monitor departmental activities and provide advice to ensure that the goal is realized. The Red Tape Reduction Task Force encourages government to stay the course and to work toward the target.

Processes in Place to Ensure Reduction Maintenance

The next issue identified by the Red Tape Reduction Task Force was the need to ensure that the regulation which had been eliminated did not creep back in other ways. Without processes in place to guard against this, it would be possible that the number of regulatory requirements would revert to where they had been when the initiative began. This was the experience after the Regulatory Reform Project conducted in the 1980s within the Government of Newfoundland and Labrador. There has to be a monitoring mechanism established to assess progress.

In order to provide the necessary surveillance, the Department of Business is now responsible for reviewing all submissions of departments before they go to Cabinet. The department's role is to ensure there has been proper consideration of the ten regulatory impact analysis criteria before new regulations are recommended for enactment and proclamation. There must be a review by the Department of Business before a recommendation to proceed is advanced to Cabinet.

This may seem to be adding one bureaucratic process on another. However, it is the intention of the Red Tape Reduction Task Force to encourage officials to view their regulating responsibilities differently. If there are other ways and means to achieve an objective without imposing regulatory requirements, these should be pursued. The Red Tape Reduction Task Force recognizes that this will demand a shift in thinking and, in time, a shift of the culture within government.

Government was awarded for work in red tape reduction

In August 2006, the Canadian Federation of Independent Business presented an award to the Government of Newfoundland and Labrador for its commitment to increased efficiency through the Red Tape Reduction Initiative. This award resulted from the determination of Premier Williams and government.

On September 5, 2006, Bradley George, Executive Director of the CFIB, in his column in *The Telegram* stated that by following the approach of "examining each department's requirements, the provincial government will truly eliminate red tape. By having a target, only smart tape will be left in the system."

The work of the Red Tape Reduction Task Force is already making its mark!

4.0 Findings

4.1 What the Task Force Heard

The Red Tape Reduction Task Force received input from the business community and citizens, adding to its understanding of difficulties posed by regulatory requirements. It also heard from front-line officials who serve the public.

Through its review of all the information compiled, the Red Tape Reduction Task Force noticed there were recurring issues that were clearly evident. Comments were grouped and assessed, and common themes emerged. The themes, questions raised, and related discussion, will form the basis of the remainder of the report.

- 1. Regulatory requirements are introduced by government to protect the public interest. It is in the best interest of business and the system of government (the "system") to work together to help advance the interests of the business community that, in turn, benefits the province through employment and generation of wealth. Both systems depend on each other.*

At the outset of its mandate, the Red Tape Reduction Task Force accepted, as a starting premise, that there is a role for regulation by government. It is the role of government to exercise its powers through regulatory requirements to protect the public interest. In this way, public health, safety and the environment can be protected. It is also important that government enforces the rules and processes it puts in place in a fair and even-handed manner. This will ensure a level playing field in which all businesses can operate. It is a question of finding a proper balance.

The St. John's Board of Trade, in its discussions with the members of the Red Tape Reduction Task Force, observed that its members **expect** to have to comply with some regulatory requirements, as after all, it is part of doing business!

Businesses and citizens seeking services appreciate that there must be some means to determine eligibility. The problem is that the process of meeting regulatory requirements for purposes of establishing eligibility is often lengthy, unclear and complex. For business, the goal is the issuance of a licence, permit or approval to proceed with a business activity. For the system of government, adherence to process seems to be the overriding consideration.

The Red Tape Reduction Task Force heard from many business owners about the slow pace at which decisions emerge from the system. Business people are under pressure to move something along to continue with their activities. Citizens are approaching government as they need access to a service or benefit. There is a perception that the same sense of urgency felt by a business owner or citizen awaiting a decision is not evident within the bureaucracy. The expectations of businesses and citizens did not seem to be in keeping with those of the system.

Decisions are needed to help a business move to the next step in its planning even if it means that an alteration is required in its business plan. Business people are prepared to accept that this may be the end result. The issue of concern is the time involved for someone to make a decision so they can proceed. A related frustration is that there does not appear to be an appreciation of the fact that waiting for decisions costs time and money for business. The lengthy process and delays do not benefit business or the economy. Questions raised throughout the consultations are presented on the following pages.

➤ Who do the processes serve?

The Red Tape Reduction Task Force heard many examples of processes established which seem to support the needs of the system rather than to facilitate or expedite decision-making.

An organization on the Great Northern Peninsula noted that a proposal to conduct an Environmental Assessment required 40 copies to be filed. It wondered, "Why were 40 copies needed?"

This example raises several points:

1. Business must bear costs to expedite decision-making. In the example above, the costs to research, prepare and develop a proposal are considerable. This is an accepted part of doing business.
2. For the system, it is important to have well-prepared proposals to assess the merits of the services offered by one proponent over another.

However, the requirement to produce 40 copies raises questions. Did this mean there would be 40 people representing agencies and departments involved in reviewing the proposal? If there were 20 or 40 reviewers, why would so many be involved in the first place?

There are costs associated with copying, binding documents, and shipping to consider. In the age of technology, other methods of information sharing between regulators to expedite decision-making could be used. Government should be leading and advancing new ways and means of conducting its business. In this example, work could be expedited through the use of electronic filing, maintaining a central database so that all reviewers have access to a site to view the submission, and where proponents can be apprised of the status of the competition.

- Why are the many regulators and regulatory requirements not streamlined to minimize duplication of effort for business and citizens?

There has been evidence that the administration of regulatory requirements is burdensome for business, particularly when there are multiple government departments and agencies involved. Government departments sometimes exist in silos, each with its

own territory and its own regulatory requirements. There is evidence of duplication and conflicting requirements.

The example of the forestry industry speaks to the point. The province's two large paper producers both made submissions to the Red Tape Reduction Task Force. It was noted by one company that the industry must meet the requirements of three departments to acquire 21 permits or approvals to carry-out its operations. They must also deal with six agencies in the conduct of their business to satisfy regulatory requirements. Besides government, there are stakeholder organizations the industry must work with in the course of their operations. The message delivered by both forestry companies was that the burden placed on business by unnecessary regulatory requirements must be considered. In the forestry industry, there is a need to streamline requirements and to minimize duplication.

One company submitted examples of the forms and reports required by regulators in their day-to-day business — the pile of papers was ½" thick!

This example is extreme. However, other business operators and citizens echoed similar concerns about voluminous paper requirements to satisfy varying government departments and agencies.

- What assurance of timely decision-making, and having notice of new regulatory requirements, is extended to business and citizens?

Business does not expect to be granted a right or privilege without obligations and accountability. However, it does expect to be accorded respect in light of its investment of time and money in complying with regulatory requirements.

Through its work, the Red Tape Reduction Task Force has been forced to consider what business should expect of government. Businesses want the system to respect

their efforts to comply with regulatory requirements. Business owners and operators want a reasonable level of transparency in their dealings with government. They seek a clear, written understanding of how decisions are made and the expected turn around time. A method to advise of the status of an application within the system would be appreciated. From the discussions that have been held, this is not always the case.

Business leaders voiced their frustrations about the burden imposed by government through regulation, a burden that is increasing. Complaints were raised that additional regulatory requirements are being introduced without rigorous analysis of necessity, cost implications or possible alternatives to regulation. Views expressed included concerns that some regulatory requirements were enacted that raised standards with which businesses could not comply, presenting obvious problems for operators.

Business operators advised the Red Tape Reduction Task Force that changes are often made to regulatory requirements without notice to affected businesses. There is not always an effort to determine the implications of making a change prior to its implementation. Government could also assist by reviewing legislation with a view to streamlining regulatory requirements to determine if there is duplication, what is necessary, etc. The Red Tape Reduction Task Force presumes that the departments will have undertaken some of this work in developing their departmental plans. It cannot be stressed strongly enough that working with business operators to introduce changes is required, to ensure the compliance can be accommodated. Businesses are in the best position to anticipate impacts and the costs of compliance.

Issues related to regulation of child-care facilities, in particular, seemed to occupy a great deal of the time of the Red Tape Reduction Task Force. There were at least three official meetings between members of the Red Tape Reduction Task Force and persons involved with this industry.

The conclusion of those members of the Red Tape Reduction Task Force dealing with this issue was that the private child-care operators believed that some officials with whom they had to work lacked an appreciation for their role in the child-care industry. Further, some operators perceived that some of the officials who regulate them feel that there should not be private child care.

This perception highlights a serious problem between government regulators and some members of the industry. The systems seem to be worlds apart in understanding one another. The CFIB reference to the “clash of cultures” between government and business seems to describe this situation.

Business people admitted to having chosen to pursue the route of using their Member of the House of Assembly to determine where their applications lie in the system, when a decision is likely to be made, and/or how to appeal an adverse decision. Problems created by lack of communication or breakdowns of communication within the system need to be addressed. Business interests look to the public service to facilitate their need for a licence, a permit or other decision so they can carry on with their enterprise. It is possible for public officials to focus on expediting decision-making in relation to businesses or citizens while at the same time protecting public interest. It is important that the client and the public official work together to achieve the goal at hand.

This is a comment on systems that do not seem to be effectively communicating with one another but need to open communications for the benefit for business, for citizens and for the economy.

2. *Access to government services and programs continues to be a challenge for business, particularly for new businesses or citizens. There is a need to create straightforward access to services and programs for businesses and citizens. There is also a need to provide public officials with the appropriate authority and tools to do their jobs effectively to help businesses and citizens.*

Prior governments have recognized that the organization of the public service needs to respond to the requirements of business. The Government Service Centre (GSC) represents an attempt to serve clients under one roof. Initially, from representations of business and development associations, it was seen as a good idea. However, despite the best efforts of the department and its officials, there is a perception of some parties that while GSC has been a good thing, it has not met all expectations. Stakeholders noted that the front-line staff do not seem to have the authority to handle a client's needs and/or do not have training or knowledge of the system to enable them to direct a client to the appropriate department.

On a broader level, there was a sense of frustration expressed when business people felt that they had run up against a complex system of government, which though intended to help them, was difficult to navigate. Business owners shared experiences with the Red Tape Reduction Task Force where they were sent through a maze to the next counter, to the next person, or to another department. According to these stakeholders, their role was one of running through the bureaucratic structure trying to complete a process to get a license, permit or approval.

There is no clear path to access government programs available to clients. The experiences of entrepreneurs seeking access to programs and funding sources involve "shopping around" the system of government. They have to find what is available and then find information on what is required in order to access the service or program.

As much as people within the system know how to navigate it, the majority of business people do not. Yet navigating the system has become a requirement to do business, one that has a significant investment of time and effort that could be devoted to other business activities. This can be especially frustrating when efforts of regulatory authorities are not co-ordinated, resulting in a duplication of regulatory requirements, conflicting mandates, and confusion for the business that merely wants to comply and get on with the job.

The Newfoundland Environmental Industry Association advised that their members do not always know who actually has the authority to regulate a certain activity in their sector!

There were questions as to why there could not be “one door” to government. In a meeting with Access St. John’s, the Task Force learned that the City of St. John’s had created Access St. John’s as an office intended to present one face to city residents who require services. The office is positioned on the ground floor of City Hall. It is physically bright and personally welcoming. A conscious effort to focus on improvements to its service delivery functions was made.

Staff members were carefully selected internally, based on their natural orientation to customer service. Once selected to work at Access St. John’s, the staff received intensive training in customer service. The training included cross-divisional briefings so they would be positioned to respond to any questions posed by a client across departments. If the staff person does not know the answer, they will find the person who does.

(Source: Meeting between Task Force member and senior officials from the City of St. John’s).

There are organizations that have been funded by government to assist the business community. However, business operators and aspiring entrepreneurs commented that there are difficulties with these organizations.⁴

Among the submissions received from business operators and citizens, the structures and use of funding intended to support business were questioned:

- Small businesses have limited room to expand especially in rural areas. It is difficult to access funding programs for business due to red tape. There is a need for one agency to help businesses instead of the government funding community-based organizations that are supposed to help business.

The point to be made is that the organization of government services and the associated programs and regulatory requirements need to encourage and stimulate a business environment for the prosperity of all citizens. Business and citizens who approach government need the assistance of public officials to facilitate and expedite decision-making. The system does not seem to encourage a client-centred approach to service delivery.

Front-line workers have advised the Red Tape Reduction Task Force that although they are qualified and competent to undertake their jobs, and want to expedite decision-making, they do not always have the authority or access to the proper equipment to do so. For example, there are officials whose work involves inspections to allow a job to proceed to the next phase. These officials do not have access to mobile electronic equipment, e.g., Blackberry, to file a report to keep the database current. Instead, they must wait to return to the office, perhaps days later, and prepare a report. Enhancements to both equipment and databases are required. Greater uses of on-line systems to allow clients to access government are in demand.

⁴ There were other concerns raised that related to the inter-face of federal and provincial organizations. These matters are beyond the scope of the Red Tape Reduction Task Force to address.

Business operators and citizens did acknowledge that there have been officials who have been very helpful to their file and/or case. The system must be fashioned to empower officials to clear barriers and to provide meaningful assistance. The need for reconsideration of the system to allow employees to adopt a client-centred approach with access to modern tools and equipment is critical to overcome the issues raised before the Red Tape Reduction Task Force.

The Task Force also received a presentation from the Department of Government Services. Through the department's strategic planning, and role and mandate review, they have identified several initiatives to improve upon their service delivery approach. These include enhancing electronic offerings, facilitating cross-departmental interactions on behalf of clients, conducting a workload analysis, and promoting a client-based service delivery model.

Government Services has recognized the need to re-examine its role, mandate and resources to determine if it is positioned to deliver services as it has been directed. The Task Force was particularly pleased to hear that the department recognizes that both a change in approach (eg. more electronic offerings) and better coordination amongst departments are required to improve the delivery of services to its commercial and consumer client base. Further, the issues noted and proposed plans to address them are consistent with the findings of the Task Force with respect to critical elements of service delivery.

The work, once completed, will be beneficial in supporting the recommendations of the Task Force and facilitating the improvement of the regulatory environment. The Task Force supports the department's plans, encourages the department to move forward as expediently as possible, and looks forward to seeing the results of the department's efforts.

- 3. Given the geographic size and diverse regions within Newfoundland and Labrador, there is a need for flexibility to accommodate the realities of businesses and to provide services on a timely basis to businesses in remote areas. There must be flexibility and alternate means of delivering services to accommodate the pace of business.*

Newfoundland and Labrador covers a huge land mass. The three Maritime Provinces combined can fit within its boundaries. There are challenges presented with being on an island. There are challenges for business arising from the remoteness of coastal communities. There are also challenges associated with doing business or accessing services in Labrador.

➤ Distance

The members of the Red Tape Reduction Task Force heard time and time again about the inconvenience posed to clients accessing government offices to acquire a licence or permit to comply with regulatory requirements. The inconvenience arose from distances, unavailability or inaccessibility to on-line services, and the hours of service.

Business activity in a woods cutting enterprise was stymied by the need to have permits physically in hand before work could commence. In one case, the operator had prior approval to cut on a site, workforce and equipment were moved from one area of the province to the site, yet despite prior approvals, the operator could only obtain a permit from the department the day cutting was to commence. The office was located hundreds of kilometres away from the wood cutting site. The permit had to be posted on the cutting site before cutting could begin. This meant that the workforce would have been idle until the permit was on site. This costs time and money.

- The need to find alternate mechanisms to expedite decision-making

Business is urging government to consider alternate ways to deliver its services. It is understood that this must occur without compromising public health and safety and environmental protection. Business has suggested that there are effective ways to perform functions to ensure compliance which are also timelier than those now used.

It was suggested to the Red Tape Reduction Task Force that a greater use of standards would be an obvious mechanism to use. Delegation of authority from government, where possible, based on common standards would be more expedient for business rather than having to depend on government inspectors to visit the site, especially if it is in a remote location. It was proposed that there could then be reliance on professionals, who are regulated under existing regulatory regimes designed to protect the public, to satisfy the need for prompt decision-making.

Several examples were raised for consideration by the Red Tape Reduction Task Force.

- An issue raised was the need for the adoption and the application of consistent standards, such as where appropriate the International Standards Organization (ISO) or the Canadian Standards Association (CSA). If adopted, there could be reliance on third party audits, in this case professional engineers, for bridges, culverts and site inspections.
- Septic systems are designed and plans prepared by qualified professionals. When a contractor installs the system, the designer cannot complete the final inspection and approve the work. The work must be reviewed and approved by an official with the Government Service Centre, not the designer. Yet the professional designer remains liable for design.

- Professional planners employed or engaged by municipalities develop town plans. The planners at the Department of Municipal Affairs must review the plans. There are standards that guide the work of all professional planners. It is not apparent why this additional review is necessary.

The Red Tape Reduction Task Force encourages government to investigate these issues that were raised by stakeholders during the consultation process to determine if there are possible ways and means to expedite decision-making without compromising other policy considerations.

➤ Decentralization of decision-making

Delays have been attributed to centralization of decision-making although there is authority to allow for delegation of authority in certain circumstances.

- The City of Corner Brook has a “career” fire department, meaning that paid staff, as opposed to volunteers, operate the station. The Chief and Deputy Chief can inspect premises to set occupancy limits, yet they do not have the authority to issue occupancy permits. The Chief Fire Commissioner, who is based in St. John’s, must issue the occupancy permit. Before he can do so, he must inspect the premises prior to issuing a licence. This is an authority that could be delegated, by law, to the Fire Chief in Corner Brook. The City of Corner Brook questions why this authority has not been delegated to its Fire Chief.

The Red Tape Reduction Task Force encourages government to consider the placement of decision-making authority and make the process as efficient as possible during their red tape reduction work.

➤ Administrative procedures should protect the public interest

It appears that matters of internal administrative processes within the provincial government require adjustment(s) within the system. One example that demonstrates this is the issue of fuel supply in northern coastal Labrador. Fuel is a critical supply that must be ordered in advance in Labrador given the limited shipping season due to weather conditions, especially ice. The processes in place for fuel orders do not recognize this unique situation and therefore a secure fuel supply cannot be guaranteed.

Another example involves complaints from all over the province concerning the process of getting approvals for use of Crown Land. One group wondered why their town is unable to approve plans for a development on Crown Land that is lying within its boundaries. Decisions take a great amount of time and often are made too late for the business venture to proceed.

One explanation offered for the situation regarding Crown Land is that there are public policy issues that are in need of resolution regarding the land ownership and tenure system in this province. While this may be so, some complaints have arisen from lack of communication with applicants as to the status of their request. If the whole system cannot be changed without greater consideration and investment, more transparency of the application process would at least expedite business decision-making, that is, to persevere or move on. Waiting for decisions costs time and money, resources that are precious to all clients.

➤ Use of modern technology

There was a call for more on-line services to be available so that businesses, particularly in areas outside service centres, could file documentation from their locations. The hospitality industry, in particular, expressed a desire to be able to update information on-line for the travel guide published by the Department of Tourism, Culture and Recreation, rather than waiting to make a submission by a deadline. Businesses are continually upgrading their services and should be able to advertise the improvements as they are made and not be forced to wait for the next publication deadline.

The Task Force notes that the department has since provided the capacity for businesses to update their information on-line and commends them for moving this initiative forward in response to stakeholder requests.

There were several submissions received that commented on the frustrations experienced in using the on-line services that exist. There were several instances of glitches cited concerning the Registry of Companies on-line filing of annual returns where the system could not process the transaction properly. It was stated that the Registry of Deeds has a telecommunications system that is not meeting modern needs. A title searcher cannot be assured of being able to contact their office electronically from the Registry to report on title search results, which is important to closing real estate transactions.

➤ The need for flexibility to assist the client – pace of business and dealing with unique situations

Business sectors operate on different cycles but there is business activity at all times of the year. Citizens want to access services throughout the year. However, a consistent observation was that summer and holiday periods mean a slow down period for

government, but clients still need service. It was observed that it is not unusual for government employees to take vacation at the same time to be replaced by summer staff who do not have the required knowledge to deal with requests particularly complicated matters.

Similarly, full counter services are not provided over lunch periods or beyond government working hours. This can be frustrating for business operators whose busy periods require them to be on the location of their operation during business hours or citizens who work the same hours. Extended hours should be considered to accommodate those who work during government office hours.

As illustrated by the next example, frustrations were also recounted of citizens attempting to comply when circumstances of the situation did not “fit” the rules.

A Newfoundlander returned home and attempted to have a trailer registered with Motor Vehicle Registration. The trailer was purchased out-of-province, with licenses and taxes paid. The trailer had to be re-licensed. However, though the owner was willing to re-license the trailer and pay the tax in this province, this could not be accomplished without the original bill of sale. The bill of sale could not be produced. The result is that the returning expatriate has a trailer that he legally owns but cannot register in this province.

- The need to shift from a focus on the system to a focus on the client

It was noted that government is not one entity but a series of departments, all vying for access to scarce resources. There is not one face presented to clients but rather a system that does not seem to operate in a cooperative manner. The Red Tape Reduction Task Force agrees that departments seem to work in isolation of one another. This makes it extremely difficult to focus on the needs of a client who is dealing with several departments. There must be a greater effort to work collaboratively in the interests of serving the clients, both business and citizens, of the system.

4. The Red Tape Reduction Task Force heard similar concerns about government interactions with citizens. This highlights a need for a new approach to delivery of government services and programs throughout the system.

The expanded mandate of the Red Tape Reduction Task Force offered another dimension to the work of the members. There was exposure to issues presented by individuals and populations, some of whom are vulnerable and should expect government to protect them. They observed that the structures created to provide services lack transparency.

While the system is hard to navigate and is without signposts to guide a citizen through the departments and agencies providing services, it is even more difficult when clients are already at a disadvantage in our society. Dealing with a large bureaucracy can be overwhelming, especially if dealing with health challenges.

There were recurring themes in the human services field and these included issues related to accessing home support services. On another note, citizens indicated that they found government offices inaccessible, not just physically, but in other ways as well. For example, numbers are displayed indicating a turn for service but this is meaningless without an auditory signal for a person with a visual impairment.

The Coalitions of Persons with Disabilities (COD)-NL commented that *persons with disabilities and or those with limited literacy often experience challenges when faced with the depth and extent of bureaucracy they encounter before they receive services. It is unreasonable to expect people to have to work through so much paper and so many forms to gain approvals for essential disability and other related supports. It can be overwhelming for persons with disabilities and leaves them feeling both excluded and without services wondering if they should simply give up in frustration. Without the needed reduction in “red tape”, persons with disabilities will continue to be treated as second-class citizens.* Why not streamline these processes?

5. The cost of fees imposed by government can inhibit business development and place burden on individuals.

Submissions received by the Red Tape Reduction Task Force included comments that the costs of fees imposed by government are inhibiting business development. A recurring theme emerging from the comments received throughout the province relates to the cost of premiums paid to the Workplace Health, Safety and Compensation Commission. The requirement to pay fees in advance was also commented on consistently. A review of all fees imposed by government departments is currently underway by the Fees and Permits Review Committee. This review, though related to government's work in red tape reduction, is a separate initiative.

These, and other examples, brought to the attention of the Red Tape Reduction Task Force raise fundamental issues in how government interacts with its client base, the businesses and citizens of this province. On this basis, the Red Tape Reduction Task Force was created by the Williams government to examine the regulatory environment and make specific recommendations to allow these issues to be addressed. In so far as the comments relate to its mandate, the Red Tape Reduction Task Force has taken them into consideration.

5.0 The Way Forward

5.1 Commentary and Recommendations

The members of the Red Tape Reduction Task Force have assessed the submissions received. From its perspective, the issues can be grouped around three inter-related themes.

- There is a cultural difference between business and the system of government. The two sometimes seem to be operating at cross-purposes. The cultural divide must be bridged to benefit economic development in the province.
- Business and citizens accept that government is the regulator. However, business and citizens need to have the support of the system to expedite their processes. A facilitated approach is needed to help business and citizens navigate the system.
- The system must view business and citizens as clients. Departments must make their organizational structure and processes accessible and transparent.

Each of these themes will be discussed below.

1. There is a cultural difference between business and the system of government. The two sometimes seem to be operating at cross-purposes. The cultural divide must be bridged to benefit economic development in the province.

The Red Tape Reduction Task Force accepts the underlying premise that what is good for the public interest and the environment is good for business. Similarly, what is good for business is good for the public interest through economic development, job creation and the generation of wealth. Therefore, the interactions of government and business should be based on a symbiotic relationship.

However, the cultural perspective, and hence the operations, of each world differs. There are different priorities. Businesses must act quickly and be responsive to their market and constantly changing circumstances. The business world demands an operator be responsive to market conditions and react accordingly. Timing is everything in seizing a business opportunity. When reviews, assessments and approvals are required, they are required as soon as possible. Time is of the essence. The system of government services is driven by other forces and is tuned into another agenda.

The government services upon which businesses rely operate at a different pace. The bureaucratic structure is based on a system of command and control so that staff at the front lines can act within defined authorities. There are regulations, rules and policies to be followed with limited room for flexibility. Tough situations need review and consideration by superiors who, in turn, may need to refer a matter to a more senior official. The goal is to ensure that decisions are made within the proper rules. Further, if the circumstances are in any way unusual, the situation must be assessed, analyzed, and thoroughly considered. Decisions take time and unique cases take extra time.

The efforts of regulators to ensure required compliance are seen by business operators as slow and, sometimes, oppressive. The nature of the system is such that regulators have limited control. Business has more ability to act quickly as its survival depends on it. Both operate from systems with rhythms that are not synchronized and sometimes seem to operate at cross-purposes.

The culture of the public service is one that operates from fundamental principles based on protection of the public, principles which every citizen and business supports. Business is driven by survival which means there must be a profit. There is a divergence between the public service and citizens and the private sector when those principles are put into practice. Through the work of the CFIB and the Red Tape Reduction Task Force, there is evidence to verify that fact.

Accepting that there is divergence has led the Red Tape Reduction Task Force to question how to bridge this divide. There has to be recognition that there is a problem before there can be an effort to find solutions. Once acknowledged, businesses and the system must begin to work together to determine where they can work to improve their mutual understanding. A starting point is the adoption of the first recommendation of this report to formally engage business operators in their sector.

It is appreciated that there are departments that continually consult with the businesses and stakeholders within their area of responsibility. This should be a consistent practice across the system of government. There is a need for inter-departmental collaboration as several departments can play a role in regulating one industry. Concerns raised by business about duplication and conflicting regulatory requirements need to be jointly considered to determine which regulatory requirements are necessary and which can be eliminated.

This must be supported at the most senior levels of the business community and each government department. With the support of the leadership, there can be support for those involved in the effort to forge a mutually beneficial relationship to meet common goals.

2. Business and citizens generally accept that government is the regulator. However, business and citizens need to have the support of the system to expedite processes. A facilitated approach is needed to help business and citizens navigate the system.

Business operators, aspiring entrepreneurs and citizens are frustrated with the complexity of the bureaucratic structure of government and regulatory requirements necessary to reach their final goal. Significant investments have been made in

developing programs and services to assist business. Despite marketing efforts, they are not easily identified or accessed. The mandate and functions of government-funded agencies to assist business development are not clear. As a result, their usefulness has been questioned. In summary, dissemination of information concerning available government resources is not occurring effectively.

From a business or citizen perspective, the current system is daunting. To overcome navigating the maze, business and citizens have expressed a desire for “one door” to government. There are varying views on what this “one door” to government means and how it would be best put into practice. The members of the Red Tape Reduction Task Force have concluded that this is not advocating for the development of additional infrastructure, but rather a system that is *committed* to helping clients.

Business and citizens have indicated that they see the system as based on a “we-they” premise. They would prefer to have the system established on the basis of assisting a client to find their way through to the goal that is set, e.g., obtaining a licence, a permit, or an approval. If there are weaknesses in their application, the system should be able to communicate this quickly so clients can address that weakness, or move on.

The Red Tape Reduction Task Force believes that expediting decision-making is the goal. There must be transparent processes with communications along the way so a client knows where he or she stands.

The Red Tape Reduction Task Force has learned of models used in other jurisdictions where clients are assisted to navigate the system of government. The goal is to help clients find an entry point with guideposts to the final exit. Hopefully, the internal work at the Department of Government Services, combined with this report, will encourage a shift toward such a system.

3. The system must view business and citizens as clients. The system must view its processes from the perspective of the needs of the client, not the reverse.

Current business practices encourage the use of strategic planning which allows for consideration of the direction the enterprise wishes to pursue. To arrive at the strategic direction, among other things, there is consideration of all stakeholders. A key stakeholder is the client. Although the motivation is different from that of business, government departments are required to develop strategic plans as well. This is a positive move. Businesses, as stakeholders, have expressed a desire to engage in consultations with departments so there develops an appreciation of the implications of regulatory requirements, particularly as new ones are in the development phase. It is only through effective dialogue that the system can learn of its impact on business.

Businesses and citizens have also expressed the view that they want to be regarded as **clients** of the system. In this way, officials will have an interest in determining how they can provide assistance to a client. The system will continue to be in the role of regulator but will also act as expeditor and facilitator for the client. There must be a client focus permeating the system.

Several departments stated that they currently view businesses and citizens as clients. Based on the contact the Red Tape Reduction Task Force has had with front-line officials and their concerns about service delivery, it can be said that these officials have embraced this perspective. The issues raised by the front-line officials indicate there is a need for proper authorities, training, and resources for staff to be able to complete their duties.

Throughout the system there must be responsiveness to the needs of business. Business must be prepared to invest effort to participate in projects with the system to

identify ways and means to work toward business and economic development in the province.

With respect to individual citizens who seek to access the system, the Red Tape Reduction Task Force is concerned by the representations made by clients who feel that their special needs and circumstances are neither fully appreciated nor respected. The Red Tape Reduction Task Force does not pretend to fully comprehend the depths of the frustrations experienced by the individuals who made submissions. Requests were made for a reconsideration of the delivery of human services in government, particularly to clients with special circumstances. Submissions commented that departments should assess their processes and procedures with organizations that represent their client populations. Further, the perception is that departments are not aware of the service delivery implications from the other side of the desk. The challenge is to find ways and means to maintain and nurture relationships between departments and clients to continually seek to improve the delivery of services to clients.

Finally, so the work of the Red Tape Reduction Task Force is not lost, it is important that there be a Minister who is accountable to ensure the recommendations are implemented. Also, advances made through the elimination of unnecessary regulatory requirements need to be monitored and maintained.

The Minister of Business currently holds this responsibility and this ought to be continued. The Minister will need the support of all Cabinet colleagues to effectively lead the changes that will be required throughout the system of government.

Recommendations:

- 1) The Red Tape Reduction Task Force recommends that, in recognition of the cultural divide between business operators and the system, leaders of both sectors actively work together to identify areas of common ground. This is intended to ensure that activities can be aligned with a view to promoting economic development in the province.
- 2) The Red Tape Reduction Task Force recommends that in the system of government the role of officials include facilitator and expeditor as well as regulator. This is intended to assist business and citizens to navigate the system of government to achieve their results.
- 3) The Red Tape Reduction Task Force recommends that the system of government recognize businesses and citizens as clients of its services. This is intended to have the system viewed from the perspective of a client. The organization of processes can be continually reviewed for improvements to meet the circumstances of businesses and citizens.
- 4) The Red Tape Reduction Task Force recommends that departments delivering human services review their processes and procedures with organizations representing their client populations. This is intended to encourage departments to consider ongoing service delivery improvements to clients.
- 5) The Red Tape Reduction Task Force recommends that the Minister of Business continue to hold responsibility for the elimination of unnecessary duplication of regulatory requirements. As well, the Minister of Business should be responsible for the implementation of the recommendations of this report.

Closing Remarks

The members of the Red Tape Reduction Task Force have felt privileged to be part of this vital exercise. We hope that this report contributes in a meaningful way to meeting the commitments made to business and citizens.

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Appendix A

Organizations that made representation to the Red Tape Reduction Task Force:

- 1 Abitibi-Consolidated
- 2 Access St. John's
- 3 Advisory Council on the Status of Women
- 4 Association of Early Child Educators
- 5 Canadian Federation of Independent Business
- 6 Canadian Manufacturers and Exporters Association
- 7 Chamber of Mineral Resources
- 8 City of Corner Brook and Fire Department
- 9 Coalition of Persons with Disabilities (COD)
- 10 Coast of Bays Regional Economic Development Board – Zone 13
- 11 Community Services Council
- 12 Corner Brook Economic Development Corporation
- 13 Corner Brook Pulp and Paper
- 14 Gander Chamber of Commerce
- 15 Hospitality Newfoundland and Labrador
- 16 Independent Living Resource Centre
- 17 Independent Ambulance Operators Association
- 18 Irish Loop Chamber of Commerce
- 19 NAPE/Federation of Labour
- 20 Newfoundland and Labrador Association of Career Colleges
- 21 Newfoundland and Labrador Federation of Students
- 22 Newfoundland and Labrador School Boards Association
- 23 Newfoundland and Labrador Vegetation Control
- 24 Newfoundland Environmental Industries Association
- 25 Newfoundland Lumber Producers Association
- 26 Newfoundland Ocean Industries Association
- 27 St. John's Board of Trade